

Scheme Guidelines

1. Background

Street vendors represent a very important constituent of the urban informal economy and play a significant role in ensuring availability of the goods and services at affordable rates at the door-step of the city dwellers. They are known as vendors, hawkers, thelewala, rehriwala, theliphadwala etc. in different areas/ contexts. The goods supplied by them include vegetables, fruits, ready-to-eat street food, tea, pakodas, breads, eggs, textile, apparel, footwear, artisan products, books/ stationary etc. The services include barber shops, cobblers, pan shops, laundry services etc. The COVID-19 pandemic and consequent lockdowns have adversely impacted the livelihoods of street vendors. They usually work with a small capital base and might have consumed the same during the lockdown. Therefore, there is an urgent need to provide credit for working capital to street vendors to resume their business.

2. Objectives

The scheme is a Central Sector Scheme i.e. fully funded by Ministry of Housing and Urban Affairs with the following objectives: (i) To facilitate working capital loan up to ₹10,000; (ii) To incentivize regular repayment; and (iii) To reward digital transactions

The scheme will help formalize the street vendors with above objectives and will open up new opportunities to this sector to move up the economic ladder.

3. Eligibility of States/UTs

The Scheme is available for beneficiaries belonging to only those States/UTs which have notified Rules and Scheme under Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014. Beneficiaries from Meghalaya, which has its own State Street Vendors Act may, however, participate.

4. Eligibility Criteria of Beneficiaries

The Scheme is available to all street vendors engaged in vending in urban areas as on or before March 24, 2020. The eligible vendors will be identified as per following criteria:

(i) Street vendors in possession of Certificate of Vending / Identity Card issued by Urban

Local Bodies (ULBs); (ii) The vendors, who have been identified in the survey but have not been issued Certificate of Vending / Identity Card;

Provisional Certificate of Vending would be generated for such vendors through an IT based Platform. ULBs are encouraged to issue such vendors the permanent Certificate of Vending and Identification Card immediately and positively within a period of one month.

(iii) Street Vendors, left out of the ULBled identification survey or who have started vending after completion of the survey and have been issued Letter of Recommendation (LoR) to that effect by the ULB / Town Vending Committee (TVC); and

(iv) The vendors of surrounding development/ peri-urban / rural areas vending in the geographical limits of the ULBs and have been issued Letter of Recommendation (LoR) to that effect by the ULB / TVC.

5. Identification of Beneficiaries left out of the Survey or belonging to the surrounding Rural Areas While identifying the vendors belonging to category 4 (iii) and (iv), the ULB/ TVC may consider any of the following documents to issue letters of recommendation:

(i) The list of vendors, prepared by certain States/ UTs, for providing one-time assistance during the period of lockdown; OR

(ii) A system generated request sent to ULBs/ TVCs for issue of LoR based on the recommendation of the Lender after verifying the

credentials of the applicant; OR (iii) The membership details with the vendors associations including National Association of Street Vendors of India (NASVI)/ National Hawkers Federation (NHF)/ Self-Employed Women's Association (SEWA) etc.; OR (iv) The documents in possession of the vendor buttressing his claim of vending; OR (v) Report of local enquiry conducted by ULB/ TVC involving Self-Help Groups (SHGs), Community Based Organizations (CBOs) etc. ULB shall complete the verification and issuance of LoR within 15 days of the submission of application.

Further, ULBs may adopt any other alternate way for identifying such vendors with a view to ensure that all the eligible vendors are positively covered.

6. Vendors who have gone back to their native places due to COVID-19 Some of the identified / surveyed or other vendors who have been vending / hawking in urban areas, have left for their native places prior to or during the lockdown period because of COVID-19 pandemic. Such vendors are likely to come back after the situation normalizes and resume their business. These vendors, whether from rural / peri-urban areas or city dwellers will be eligible for the loan on their return as per eligibility criteria for identification of beneficiaries mentioned above in para 4 & 5.

7. Data in Public Domain

The State / UT / ULB-wise list of identified street vendors will be made available on the website of the Ministry/ State Government/ ULBs and Web Portal developed for the purpose.

8. Brief Details of the Product

Urban street vendors will be eligible to avail a Working Capital (WC) loan of up to `10,000 with tenure of 1 year and repaid in monthly instalments. For this loan, no collateral will be taken by the lending institutions. On timely or early repayment, the vendors will be eligible for the next cycle of working capital loan with an enhanced limit. No prepayment penalty will be charged from the vendors for repayment before the scheduled date.

8.1 Rate of Interest

In case of Scheduled Commercial Banks, Regional Rural Banks (RRBs), Small Finance Banks (SFBs), Cooperative Banks & SHG Banks, the rates will be as per their prevailing rates of interest. In case of NBFC, NBFC-MFIs etc., interest rates will be as per RBI guidelines for respective lender category. In respect of MFIs (non NBFC) & other lender categories not covered under the RBI guidelines, interest rates under the scheme would be applicable as per the extant RBI guidelines for NBFC-MFIs.

8.2 Interest Subsidy

The vendors, availing loan under the scheme, are eligible to get an interest subsidy @ 7%. The interest subsidy amount will be credited into the borrower's account quarterly. Lenders will submit quarterly claims for interest subsidy for quarters ending as on June 30, September 30, December 31 and March 31 during each financial year. Subsidy will only be considered in respect of accounts of borrowers, which are Standard (non-NPA as per extant RBI guidelines) on respective claim dates and only for those months during which the account has remained Standard in the concerned quarter. The interest subsidy is available up to March 31, 2022. The subsidy will be available on first and subsequent enhanced loans up to that date. In case of early payment, the admissible amount of subsidy will be credited in one go.

8.3 Promotion of Digital Transactions by Vendors The scheme will incentivize digital transactions by vendors through cash back facility.